

ARTICLE III. TAXES AND TAXATION***Section 1. Taxation.**

The City Council is authorized to levy annually for general purposes, excluding debt service as defined below, an ad valorem tax of not exceeding one-half of one percent ($\frac{1}{2}$ of 1%) of the assessed valuation of taxable property on the City's tax rolls. In addition, the City Council is authorized to levy annually an ad valorem tax in an amount sufficient to pay debt service. "Debt service" is defined as that amount necessary for the following: (i) to pay the principal, interest and any premium, at maturity or redemption, on indebtedness heretofore or hereafter issued or assumed by the City which is payable in whole or in part from ad valorem taxes; (ii) to pay the sinking and reserve fund payments in respect of such indebtedness; (iii) to fulfill agreements in connection with such indebtedness; (iv) to pay contractual obligations heretofore incurred or assumed by the City which provide security for evidences of indebtedness issued on behalf of the City; (v) to pay contractual obligations payable in whole or in part from ad valorem taxes heretofore assumed by the City in connection with any annexation; and (vi) to comply with covenants to levy taxes made in connection with revenue bonds heretofore issued or revenue bonds hereafter issued on a parity therewith (including covenants to levy ad valorem taxes to pay operation and maintenance expenses of enterprise operations). All City ad valorem tax assessments shall be based on one hundred percent (100%) of market value. The gross total ad valorem tax levied for all purposes

***Note**—At the November 2, 1999, Charter Election, the public authorized Proposition 2, which amended this article to read as set forth herein. The amendment retained and consolidated into two sections those portions of the prior lengthy article that appeared to still have any validity. The amendment included the following savings clause:

The provisions of the foregoing amendment of Article III of the Charter of the City of Houston shall not be construed to affect the validity of any tax assessed or levied or other action taken under Article III prior to its amendment hereunder, and the former provisions are saved from repeal for the limited purpose of the enforcement of taxes and other rights and obligations created or assessed under Article III prior to its amendment hereunder.

by the City Council for any one year shall not exceed two percent (2%) of the assessed valuation of taxable property on the City's tax rolls.

If for any cause the City Council shall fail or neglect to pass a tax ordinance for any one year, levying taxes for that year, then, in that event, the tax levying ordinance last passed shall and will be considered in force and effect as the tax levying ordinance for the year for which the City Council failed to pass a tax levying ordinance, and the failure so to pass such ordinance for any one year shall in no wise invalidate the collection of the tax for that year. (Act of 1905; amended October 15, 1913, August 14, 1982, November 2, 1999)

Section 2. Compromise of Taxes; Payment of Obligations by City Officers and Employees.

In no case shall the City Council or any member of the City Council, or any other officer of the City of Houston extend the time for the payment of the taxes, nor shall any officer of the City remit, discount, or compromise any tax legally due the City, nor shall any person hold any position, office or employment who is in arrears, or due and owing to the City any sum of money for taxes or otherwise. (Act of 1905; amended November 2, 1999)

ARTICLE IV. POWER AS TO BONDS, BUFFALO BAYOU, SIDEWALKS, STATE AGENCY, STREETCAR EQUIPMENT*

Section 1. Authority To Issue Bonds.

The City Council shall have the power and authority by ordinance duly passed, if it so elects, to borrow money on the credit of the City for permanent improvements, to an amount not to exceed one hundred thousand dollars (\$100,000) in any one year, and may issue bonds of the City therefor. It may also have the power, and is hereby expressly authorized, to issue bonds for the purpose of refunding bonds of the City of

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previous issues; provided, the bonds may be re-funded at a lower rate of interest than the bonds proposed to be retired draw.

No bonds shall be issued for any purpose, except for the purpose of making permanent improvements, which shall not exceed one hundred thousand dollars (\$100,000) in any one year, and for the purpose of re-funding bonds of the City of previous issues, unless an election be duly ordered by the Mayor and City Council, and if at said election a majority of the vote polled shall be in favor of creating such debt, it shall be lawful for the City Council to make the issuance of bonds as proposed in the ordinance submitting the same at the election so held, but if a majority of the vote polled shall be against the creating of such debt, it shall be unlawful for the City Council to issue the bonds.

In all elections to determine the expenditure of money for the assumption of debt, only those shall be qualified to vote who pay taxes on property in said City, and are legally qualified voters in said City of Houston; provided, that no poll tax for the payment of debts thus incurred shall be levied upon the persons debarred from voting in relation thereto.

No bonds shall be issued drawing more than five percent. interest per annum, and they shall be invalid if sold for less than par and accrued interest, and all bonds shall express upon their face the purpose for which they are issued.

The ordinance authorizing any bonds to be issued shall provide for the creation of a sinking fund sufficient to pay the bonds at maturity, and make provisions for the payment of the interest thereon as it matures, and said sinking fund shall be invested in bonds of the State of Texas, or in the bonds issued by Counties in the State of Texas, or in bonds of the United States, or such funds may be used for the purchase of the bonds of the City of Houston which are not yet due, and neither interest nor sinking fund shall be devoted to any other purpose whatsoever.

Any officer of the City who shall willfully or knowingly direct or use said fund for any other purpose except that for which the fund is created, or herein expressly authorized to be invested,

shall be deemed guilty of a felony, and subject to prosecution as provided under the general laws of the State for the diversion and conversion of funds belonging to any of the municipalities of said State. (Act of 1905)

Section. 1-a. Investment of Sinking Funds.

In addition to the bonds in which by Section 1 of Article IV the City of Houston is authorized to invest its sinking fund the City of Houston is authorized and it shall have the power to invest its sinking funds in bonds of any school, navigation, road, drainage or other improvement district in any counties of the State of Texas or subdivision thereof, or in the bonds of any city in the State of Texas, provided said bonds shall have been duly approved by the Attorney General of the State of Texas and registered by the comptroller as valid and enforceable [sic] obligations. (Added by amendment December 28, 1915)

Sec. 2. Bayou.

Power is hereby given to the City Council of the City of Houston to secure land between Houston and Harrisburg, along the banks of Buffalo Bayou, by purchase, condemnation or by gift, for the improvement of Buffalo Bayou by the United States, or by the City of Houston, and for this purpose it may by ordinance extend the corporate limits of said City from its present eastern limits eastwardly in a general direction with Buffalo Bayou from bank to bank as same is now constructed, or exists, or as same may be ordered constructed by the Government engineers in charge of said work; provided, that the City shall have no right to tax the property over which such boundaries are so extended, unless such property be within the line and within the limits of the general City boundaries or limits.

To effect a condemnation, the same proceedings shall be taken and the same statutes shall govern so far as applicable, or obtain and apply to the condemnation of lands by railway companies under the general statutes of the State of Texas. (Act of 1905)

Sec. 3. Fees.

Within its corporate limits the City of Houston shall be the local agent of the State Government for the enforcement of the State laws, in all cases wherein the corporation court of the City of Houston has jurisdiction, and all fines or penalties imposed by said court, including all costs incident thereto and assessed against the parties so fined, are by this Act declared to be due and owing to, and shall be payable to the City of Houston, and in all cases where fees are allowed the officers making the arrest, or the attorneys prosecuting said causes in said corporation court, said fees shall be payable to, and shall hereby become due and owing to the City of Houston.

And the City of Houston shall by ordinance prescribe that no officer or employe in the service of the City of Houston shall recover any fees, rewards or perquisites accruing from any service performed in any manner whatsoever, whether authorized by the general laws of the State or otherwise, but in addition may prescribe by ordinance that said fees, which may be collectible by said officers under the State law, shall become the property of, and shall be payable to the City of Houston, and a failure on the part of any officer or employe to collect said fees when collectible, and to pay the same over to the City of Houston, shall be deemed a malfeasance in office, and said officer shall be removed. (Act of 1905)

Sections 4 and 4-a. Repealed.

Note—These sections, which related to construction and laying of sidewalks and special assessments, certificates, errors, and limitations relating to street improvements, were repealed by the voters at the November 2, 1999, Charter Election. The repealer included the following savings clause:

This repealer shall not be construed to affect the validity of any action taken or right or obligation created or assumed under the said provisions prior to their repeal, and the said provisions are saved from repeal for the limited purpose of the continued enforcement of rights and obligations that arose thereunder prior to their repeal.

Sec. 5. Vestibule Cars.

The City Council may by ordinance duly passed require any street car company operating its lines or cars within or into the City of Houston, to equip

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